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FISCAL IMPACT STATEMENT

LS 7030

BILL NUMBER: HB 1537

NOTE PREPARED: Jan 17, 2015

BILL AMENDED:

SUBJECT: Veterans' Matters.

FIRST AUTHOR: Rep. Davisson

FIRST SPONSOR:

BILL STATUS: As Introduced

FUNDS AFFECTED: ☒ **GENERAL**
☒ **DEDICATED**
☐ **FEDERAL**

IMPACT: State

Summary of Legislation: The bill requires the state Lottery Commission to adopt rules to establish a scratch off game to benefit Indiana veterans. It deposits revenue from sales of tickets for the scratch off game into the Veterans' Affairs Trust Fund.

The bill provides that an individual may request an indication of the individual's status as a surviving spouse of a veteran on the individual's driver's license or state identification card. (Current law provides only for an indication of veteran status.)

The bill provides for space on state income tax forms to enable taxpayers to donate all or part of the taxpayer's tax refund to the Veterans' Affairs Trust Fund.

The bill removes the four year appointment term for county and city service officers.

The bill requires the Department of Veterans' Affairs, in consultation with various state agencies and organizations, to establish a uniform definition of "Hoosier Veteran".

The bill authorizes the Department of Veterans' Affairs to assume control over the unclaimed remains of veterans in certain circumstances.

Effective Date: July 1, 2015.

Explanation of State Expenditures: *State Lottery Commission:* The Commission will have some added responsibilities in adopting rules to establish a new scratch-off game. Since these responsibilities are an

extension of Commission's normal duties, there should be no additional expense associated with this provision.

Department of State Revenues (DOR): The Department of State Revenue (DOR) would incur some administrative expenses relating to the revision of tax forms, instructions, and computer programs to incorporate the tax refund check-off for the Veterans' Affair Trust Fund. The check-off would begin in tax year 2015. The expenses relating to these changes presumably could be absorbed given the DOR's existing budget and resources.

Bureau of Motor Vehicles (BMV): The bill requires the BMV to allow an applicant of a driver's license, permit, or an identification card to indicate on an application that the applicant is a surviving spouse of a veteran of the armed forces of the United States and wishes to have an indication of that status on the license, permit, or identification card. It requires BMV to verify documentation related to the request for such indication. It also requires BMV to show such indication on the license, permit, or identification card of a qualified applicant. These responsibilities are an extension of the BMV's normal duties.

Definition of 'Hoosier Veteran': The bill requires the Department of Veterans' Affairs, Commission of Higher Education, Department of State Revenue, the State Budget Agency, and independent veteran organizations to jointly work towards establishing a uniform definition of the term 'Hoosier Veteran' before December 1, 2015. It provides the qualification that must be met in order to qualify as a Hoosier veteran. It requires that the Department of Veterans' Affairs must submit a report to the General Assembly and the Governor about legislative changes needed to conform veteran benefits contained throughout Indiana Code. It requires the Legislative Services Agency to prepare legislation for introduction in 2016 regular session to organize statutes affected by the bill. All state agencies involved in establishing the definition of Hoosier Veteran would be able to perform the task within their current budgets.

Unclaimed Remains of Veterans: The provision in the bill authorizing the Department of Veterans' Affairs or a Nationally Chartered Veterans Services Organization to assume control of the cremated remains of an armed forces member could require additional resources of the Department.

Explanation of State Revenues: *Scratch off Game:* The bill requires the State Lottery Commission to adopt rules to establish a scratch-off game to benefit veterans and requires the Commission to deposit the profits from the sale of the scratch-off game in the Veterans' Affair Trust Fund. Profits from such a scratch-off game could potentially range from \$750,000 to \$1 M per year initially. The fiscal impact could begin in FY 2016.

The sales volume and profitability of the game would depend on game pricing, payout rates, ticket printing and shipping costs, advertising and promotional costs, and other operational factors. The estimate above assumes that the per capita sales of a game in Indiana would be comparable to the per capita sales volume realized by Illinois' veterans' assistance scratch-off games during FY 2007 and FY 2008, which were the first two full years of operation of that game. It also assumes a profit margin of 25%.

In addition, the extent that spending on the veterans benefit game may displace spending on other Hoosier Lottery games is indeterminable. Such displacement could potentially reduce the net income generated by other games that is deposited in the Build Indiana Fund.

The Illinois Lottery has operated a scratch-off game to benefit the Illinois Veterans Assistance Fund since February 1, 2006. Available information shows that FY 2006 sales (comprising only five months) totaled about \$5.9 M. Full-year sales of the veterans benefit game totaled approximately \$6.9 M in FY 2007 and \$8.3

M in FY 2008. The Illinois sales data were scaled down for the difference in market size in Indiana. Since 2000, the operating margin for the Hoosier Lottery on draw games and instant ticket games combined has averaged about 26%, but the operating margin for instant tickets may be slightly below this overall average.

Income Tax Checkoff for Veterans' Affairs Trust Fund: The bill adds an income tax refund checkoff allowing taxpayers to donate all or a portion of their refund to be deposited in Veterans' Affairs Trust Fund. Current law allows checkoffs for donations (1) to the Indiana Nongame Fund; and (2) for public K-12 education. This provision could increase revenue to the Veterans' Affairs Trust Fund. The option would be available beginning in tax year 2015. Thus, the fund could potentially receive tax refund money for the first time in FY 2016. It could also decrease revenue to the Indiana Nongame Fund and state General Fund for public K-12 education by an indeterminable amount. [In tax year 2012, the Indiana Nongame Fund received about \$464,000 from refunds on 25,000 returns. The checkoff option for donations to the General Fund for public K-12 education will be available for the first time in tax year 2015.]

Veterans' Affairs Trust Fund: Under current law, the Indiana Veterans' Affairs Trust Fund exists to provide a self-sustaining funding source for the Military Family Relief Fund. The bill adds that the fund could be used to also fund certain veteran services provided by approved organizations. The Veterans' Affairs Trust Fund consists of appropriations, donations, investment income, and money from any other source. The fund currently has \$7.3 M in assets.

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: Hoosier Lottery; Department of Veterans' Affairs; Department of Revenue; Bureau of Motor Vehicle; State Budget Agency; Legislative Services Agency; Commission of Higher Education,

Local Agencies Affected:

Information Sources: Hoosier Lottery, Annual Reports; www.hoosierlottery.com/about-us/annual-report , Illinois Lottery, Annual Reports; [www.illinoislottery.com/en-us/About Illinois Lottery.html](http://www.illinoislottery.com/en-us/About_Illinois_Lottery.html) and [www.illinoislottery.com/en-us/Giving Back/Good Causes.html](http://www.illinoislottery.com/en-us/Giving_Back/Good_Causes.html) U.S. Census Bureau, *Annual Estimates of the Population*. <http://www.census.gov/popest/> State Financial Data, Auditor of State.

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